IPT Pricing
(Demand Level)

For more information, see the

DCMC INTEGRATED PRODUCT TEAM

(IPT) PRICING GUIDEBOOK

http://www.dcmc.hq.dla.mil/onebook/6.0/6.6/IPTpricingguidebk.htm

IPT Pricing

- Normally used on sole-source, major weapon system acquisitions
- The PCO/PM normally:
  - Makes the decision to use IPT Pricing
  - Decides the makeup of the IPT Pricing team
  - Is the IPT Pricing team leader
- Also used to negotiate Forward Pricing Rate Agreements (FPRAs)

IPT Pricing

- **A concurrent approach to contract pricing.**
- **Designed to expedite contract award:**
  - Replaces the traditional pricing and negotiation process with a team-based approach
  - Uses communication between the contracting parties during solicitation and proposal development to resolve issues up front
- **Origin in the best practices of the military services. The following are some of the Service names for IPT Pricing:**
  - Alpha Acquisition, Massive Concurrency, One Pass, Sole-Source Paradigm, Shoulder-to-Shoulder, Review-Discuss-Concur

IPT Pricing Major Steps

1. **Advance acquisition planning**
2. **Draft model contract and issue solicitation letter**
3. ***Define the technical approach***
4. ***Discussions of individual cost elements***
5. **Complete roll up of all costs sheets and final model contract**
6. **Contractor's "Official Offer"**
7. **Negotiations**
8. **Confirm total package, sign and award**

Define the Technical Approach & Discussions of Individual Cost Elements

- **Participate in the requirements reconciliation process:**
  - Identifying tasks and assumptions
  - Scrubbing of the strawman scope and specification
  - Formulating a work breakdown structure
  - Developing a rough cut cost and schedule
- **Agreeing on pricing and evaluation methodology**
- **Developing the various price elements**
- **Cost and technical detail are jointly developed**
  - The team adjusts the model contract to lower cost and risk by scrubbing the government's strawman requirements, agreeing on a pricing approach, etc
  - In effect, implements another important initiative - Cost As an Independent Variable (CAIV): adjusting performance/risk to reduce cost

Lessons Learned

- Document ideas considered and rejected, and why—for the record
  - This will avoid any second guessing after-the-fact
- Integrate key functional teams at each step.
  - There’s no such thing as "just technical" or "just contracting”

IPT Pricing (Demand Level)

- DCMC Engineering Role
  - Participate in the requirements reconciliation process
  - Help formulate a work breakdown structure and initial cost and schedule estimates
  - Help identify pricing and evaluation methodologies
  - Participate in performance, cost, and risk tradeoffs